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DIRECTORATE OF INTELLIGENCE

Intelligence Memorandum

Prospects For A Poor Wheat Crop In Turkey And Large Import Demands In 1970

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CENTRAL INTELLIGENCE AGENCY Directorate of Intelligence June 1970

INTELLIGENCE MEMORANDUM

Prospects For A Poor Wheat Crop In Turkey And Large Import Demands In 1970

Introduction

During the past two years of adverse weather, Turkey has harvested below-normal wheat crops and has been forced to import increasingly larger amounts of wheat to meet its demands. It now seems almost certain that this year's wheat crop will be even worse and that massive imports will be needed. This memorandum discusses the problems and some of the repercussions associated with the poor wheat crop.

The Importance of Wheat

l. In Turkey, some 70% of the people directly depend on agriculture for a livelihood, and wheat, grown in virtually all parts of the country, is sown on roughly half the crop acreage. Wheat is by far the most important farm commodity, accounting for close to one-fifth of total agricultural output. Since agriculture provides roughly 30% of GNP, changes in wheat output directly affect Turkey's economic growth. Changes in wheat output and availability have a major impact on both farmers and urban consumers. Bread, bulgur (a partially debranned boiled wheat), and other forms of wheat comprise a high percentage of the Turkish diet and close to 30% of the food budget. Since the mid-1950s, per capita wheat consumption -- now among

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the world's highest -- has increased faster than output, and Turkey has been a net wheat importer. Merely to meet the needs of the increase in population, an additional 300,000 to 400,000 tons of wheat are required each year. For the past two years, however, output of wheat has declined.

Although wheat is grown throughout Turkey, the traditional and still major wheat cultivation center is on and around the Central (Anatolian) Plateau where rainfall is uncertain. Rainfall is especially critical in the fall when the wheat seeds are germinating and again in the late spring and early summer when the crop reaches its maximum growth prior to harvest. While fertilizer usage is increasing and farming methods are improving, rainfall is still the major determinant of changes in yields. Efforts to introduce more hardy, less water-demanding wheat strains are barely under way in traditional wheat growing areas, and native wheats still predominate. In the southern, moist coastal regions, however, high-yielding Mexican wheat, introduced in 1965, has been very successful, and provided about one-fourth of total output in 1969.

Wheat Output and Supply in 1968 and 1969

- 3. After harvesting a 9 million metric ton bumper crop in 1967,* Turkey experienced two successive years of declining wheat output because of adverse weather (see the table). In 1968 the crop was only 8.4 million tons. Despite increased wheat acreage sown in 1969, output that year fell further -- to 8.3 million tons. The decline in output raised import needs from a negligible amount in 1967 to 553,000 tons in 1968 and 900,000 tons in 1969.
- 4. Because of favorable credit terms from the United States in 1968 and 1969, Turkey did not have to part with much of its scarce foreign exchange to pay for its wheat imports. The United States, which provided 700,000 tons, or nearly 80% of Turkey's total wheat imports in 1969 under Title I, PL 480, agreed to repayment of most of the cost in 30 years

^{*} The marketing year began 1 July 1967 and ended 30 June 1968.

Turkey's Wheat Production and Imports

Thousand	Metric	Tons
		7.0110

•		
Year a/	Production	Imports
1967	9,000	28
1968	8,400	553
1969	8,300	900
1970 (est.)	7,000	2,000 to 2,300
		•

a. The marketing year beginning 1 July of the year indicated.

plus a 10-year grace period at interest of 2% and 3%. Hard currency outlays connected with purchases from the United States amounted only to an estimated \$2.3 million. The remaining 200,000 tons of wheat imports came largely from West European countries and are believed to have included some grants under the Food Aid Convention as well as favorable credit provisions.

Probable Wheat Output in 1970

5. Turkey now appears headed for a third and more serious crop reversal. Floods and other weather factors forced a cutback in planting of both the native varieties and the high-yielding Mexican wheat from last year's 18.5 million acres to 18.0 million acres. Delayed rainfall also prevented a large part of the wheat crop from germinating on time. Now as harvest nears on the Anatolian Plateau and other native wheat growing areas, drought has settled over these regions. Some farmers, conceding failure, are already pasturing wheat fields and plowing under wheat; the outlook for much of the remaining native wheat crop is poor. Following a recent on-site inspection, US specialists estimated that this year's output of native wheat will amount to only about 5.2 million tons. Output of Mexican wheat, much of which already is harvested, is estimated at about 1.8 million tons, giving a total crop of about 7.0 million tons. By comparison, output of

native wheat last year was about 6.3 million tons and Mexican wheat was about 2.0 million tons.

Outlook and Conclusions

- 6. A 7.0 million ton harvest -- 1.3 million tons less than last year and some 2.0 million tons less than total wheat requirements -- threatens to create serious problems. Present prospects for arranging record imports on concessional terms do not appear bright.
 - On 5 June, Turkey made an initial request for 850,000 tons of wheat under Title I, PL 480. The problem is that the United States faces budgetary restrictions on PL 480 as well as large and unexpected requests from other countries, in particular India and Pakistan. While other members of the Food Aid Convention, such as France and West Germany, have ample supplies of wheat, Turkey has stated that it expects to get at most 150,000 tons of wheat from its European suppliers. Conceivably, however, the Food Aid Convention members could be persuaded to provide additional amounts of wheat this year. While there is no way of knowing how much additional wheat Turkey may be able to import on relatively easy credit terms, the likelihood at present is that a large part of its purchases will call for hard currency outlays. For example, if imports of 1 million tons on cash terms are required, the cost would be about \$60 million.
 - 8. Confronted with an increased need to expend hard currency for wheat, Turkey's leaders may elect to intensify the existing controls over other hard currency imports. These controls, which take the form of delays on approval of import licenses, already are having an adverse effect on some sectors of Turkish industry. Intensification of such controls, therefore, would endanger Turkey's industrial growth. Moreover, reduced imports also would tend to increase prices.
 - 9. Unless adequate wheat supplies are assured, food prices will rise sharply and food shortages

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will develop. Since Turkey's farmers probably have minimal wheat reserves after two previous bad harvests, they might use some of the grain they normally set aside for seed for consumption. As such, Turkey's prospects for wheat output the following year could be damaged.

10. Discontent arising from a third successive bad wheat crop also could spell trouble for Turkey's political leadership. The Demirel government, already under pressure from several quarters and holding power by a very slight margin, undoubtedly would be subject to additional and probably more wide-based criticism.